

House File 2454

S-5136

1 Amend House File 2454, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 25, after line 13 by inserting:

4 <DIVISION ____
5 SALES AND USE TAXES AND THE NATURAL RESOURCES AND
6 OUTDOOR RECREATION TRUST FUND

7 Sec. ____ . Section 423.2, subsection 1, unnumbered
8 paragraph 1, Code 2016, is amended to read as follows:

9 There is imposed a tax ~~of six percent~~ at the rate
10 specified in subsection 14 upon the sales price of
11 all sales of tangible personal property, consisting
12 of goods, wares, or merchandise, sold at retail in
13 the state to consumers or users except as otherwise
14 provided in [this subchapter](#).

15 Sec. ____ . Section 423.2, subsections 2 and 3, Code
16 2016, are amended to read as follows:

17 2. A tax ~~of six percent~~ at the rate specified in
18 subsection 14 is imposed upon the sales price of the
19 sale or furnishing of gas, electricity, water, heat,
20 pay television service, and communication service,
21 including the sales price from such sales by any
22 municipal corporation or joint water utility furnishing
23 gas, electricity, water, heat, pay television service,
24 and communication service to the public in its
25 proprietary capacity, except as otherwise provided in
26 this subchapter, when sold at retail in the state to
27 consumers or users.

28 3. A tax ~~of six percent~~ at the rate specified
29 in subsection 14 is imposed upon the sales price
30 of all sales of tickets or admissions to places of
31 amusement, fairs, and athletic events except those of
32 elementary and secondary educational institutions. A
33 tax ~~of six percent~~ at the rate specified in subsection
34 14 is imposed on the sales price of an entry fee
35 or like charge imposed solely for the privilege of

1 participating in an activity at a place of amusement,
2 fair, or athletic event unless the sales price of
3 tickets or admissions charges for observing the same
4 activity are taxable under [this subchapter](#). A tax of
5 ~~six percent~~ at the rate specified in subsection 14 is
6 imposed upon that part of private club membership fees
7 or charges paid for the privilege of participating in
8 any athletic sports provided club members.

9 Sec. _____. Section 423.2, subsection 4, paragraph a,
10 Code 2016, is amended to read as follows:

11 a. A tax of ~~six percent~~ at the rate specified in
12 subsection 14 is imposed upon the sales price derived
13 from the operation of all forms of amusement devices
14 and games of skill, games of chance, raffles, and
15 bingo games as defined in [chapter 99B](#), and card game
16 tournaments conducted under [section 99B.7B](#), that are
17 operated or conducted within the state, the tax to
18 be collected from the operator in the same manner as
19 for the collection of taxes upon the sales price of
20 tickets or admission as provided in [this section](#).
21 Nothing in [this subsection](#) shall legalize any games of
22 skill or chance or slot-operated devices which are now
23 prohibited by law.

24 Sec. _____. Section 423.2, subsection 5, Code 2016,
25 is amended to read as follows:

26 5. There is imposed a tax of ~~six percent~~ at the
27 rate specified in subsection 14 upon the sales price
28 from the furnishing of services as defined in section
29 423.1.

30 Sec. _____. Section 423.2, subsection 7, paragraph a,
31 unnumbered paragraph 1, Code 2016, is amended to read
32 as follows:

33 A tax of ~~six percent~~ at the rate specified in
34 subsection 14 is imposed upon the sales price from the
35 sales, furnishing, or service of solid waste collection

1 and disposal service.

2 Sec. _____. Section 423.2, subsection 8, paragraph a,
3 Code 2016, is amended to read as follows:

4 a. A tax ~~of six percent~~ at the rate specified in
5 subsection 14 is imposed on the sales price from sales
6 of bundled transactions. For the purposes of this
7 subsection, a "bundled transaction" is the retail sale
8 of two or more distinct and identifiable products,
9 except real property and services to real property,
10 which are sold for one nonitemized price. A "bundled
11 transaction" does not include the sale of any products
12 in which the sales price varies, or is negotiable,
13 based on the selection by the purchaser of the products
14 included in the transaction.

15 Sec. _____. Section 423.2, subsection 9, Code 2016,
16 is amended to read as follows:

17 9. A tax ~~of six percent~~ at the rate specified in
18 subsection 14 is imposed upon the sales price from
19 any mobile telecommunications service, including
20 all paging services, that this state is allowed to
21 tax pursuant to the provisions of the federal Mobile
22 Telecommunications Sourcing Act, Pub. L. No. 106-252,
23 4 U.S.C. §116 et seq. For purposes of **this subsection**,
24 taxes on mobile telecommunications service, as defined
25 under the federal Mobile Telecommunications Sourcing
26 Act that are deemed to be provided by the customer's
27 home service provider, shall be paid to the taxing
28 jurisdiction whose territorial limits encompass the
29 customer's place of primary use, regardless of where
30 the mobile telecommunications service originates,
31 terminates, or passes through and shall in all other
32 respects be taxed in conformity with the federal Mobile
33 Telecommunications Sourcing Act. All other provisions
34 of the federal Mobile Telecommunications Sourcing Act
35 are adopted by the state of Iowa and incorporated into

1 this subsection by reference. With respect to mobile
2 telecommunications service under the federal Mobile
3 Telecommunications Sourcing Act, the director shall, if
4 requested, enter into agreements consistent with the
5 provisions of the federal Act.

6 Sec. _____. Section 423.2, subsection 11, paragraph
7 b, subparagraph (2), Code 2016, is amended to read as
8 follows:

9 (2) Transfer from the remaining revenues the
10 amounts required under Article VII, section 10, of
11 the Constitution of the State of Iowa to the natural
12 resources and outdoor recreation trust fund created in
13 section 461.31, ~~if applicable~~.

14 Sec. _____. Section 423.2, subsection 14, Code 2016,
15 is amended by striking the subsection and inserting in
16 lieu thereof the following:

17 14. a. For the period beginning July 1, 2017, and
18 ending June 30, 2018, the sales tax rate is six and
19 one-eighth percent.

20 b. For the period beginning July 1, 2018, and
21 ending June 30, 2019, the sales tax rate is six and
22 two-eighths percent.

23 c. For the period beginning July 1, 2019, and
24 ending December 31, 2029, the sales tax rate is six and
25 three-eighths percent.

26 d. Beginning January 1, 2030, the sales tax rate is
27 five and three-eighths percent.

28 Sec. _____. Section 423.5, subsection 1, unnumbered
29 paragraph 1, Code 2016, is amended to read as follows:

30 Except as provided in paragraph "c", an excise tax
31 at the rate of ~~six percent~~ specified in subsection 5
32 of the purchase price or installed purchase price is
33 imposed on the following:

34 Sec. _____. Section 423.5, subsection 5, Code 2016,
35 is amended by striking the subsection and inserting in

1 lieu thereof the following:

2 5. a. For the period beginning July 1, 2017, and
3 ending June 30, 2018, the use tax rate is six and
4 one-eighth percent.

5 b. For the period beginning July 1, 2018, and
6 ending June 30, 2019, the use tax rate is six and
7 two-eighths percent.

8 c. For the period beginning July 1, 2019, and
9 ending December 31, 2029, the use tax rate is six and
10 three-eighths percent.

11 d. Beginning January 1, 2030, the use tax rate is
12 five and three-eighths percent.

13 Sec. _____. Section 423.43, subsection 1, paragraph
14 b, Code 2016, is amended to read as follows:

15 b. Subsequent to the deposit into the general fund
16 of the state ~~and after the transfer of such~~ pursuant to
17 paragraph "a", the department shall do the following in
18 the order prescribed:

19 (1) Transfer the revenues collected under chapter
20 423B, the department shall transfer one-sixth.

21 (2) (a) Transfer the applicable percentage
22 as specified in subparagraph division (b) of such
23 remaining revenues to the secure an advanced vision for
24 education fund created in [section 423F.2](#).

25 (b) (i) For the period beginning July 1, 2017,
26 and ending June 30, 2018, the applicable percentage
27 is sixteen and three thousand two hundred sixty-five
28 ten-thousandths percent.

29 (ii) For the period beginning July 1, 2018, and
30 ending June 30, 2019, the applicable percentage is
31 sixteen percent.

32 (iii) For the period beginning July 1, 2019, and
33 ending December 31, 2029, the applicable percentage
34 is fifteen and six thousand eight hundred sixty-three
35 ten-thousandths percent.

1 (c) This ~~paragraph~~ subparagraph (2) is repealed
2 December 31, 2029.

3 Sec. _____. PURPOSE. The purpose of this division
4 of this Act is to provide for the implementation of
5 Article VII, section 10, of the Constitution of the
6 State of Iowa by fully funding the natural resources
7 and outdoor recreation trust fund as created in section
8 461.31, pursuant to Article VII, section 10, of the
9 Constitution of the State of Iowa.

10 Sec. _____. EFFECTIVE DATE. This division of this
11 Act takes effect July 1, 2017.

12 DIVISION ____
13 INCOME TAXES

14 Sec. _____. Section 422.5, subsection 1, Code 2016,
15 is amended by adding the following new paragraph:

16 NEW PARAGRAPH. *Oj.* (1) For each tax year
17 beginning in the period beginning January 1, 2018, and
18 ending December 31, 2029, the department of revenue
19 shall determine the amount of sales and use tax
20 revenues generated for the fiscal year ending June 30
21 during the applicable tax year from the increases in
22 the sales and use tax rates enacted in this Act, and
23 shall certify such amount to the governor and general
24 assembly.

25 (2) For each tax year beginning in the period
26 beginning January 1, 2018, and ending December 31,
27 2029, the rates of tax in paragraphs "a" through "i"
28 shall be reduced as provided in subparagraph (3) by an
29 amount that will in the aggregate reduce the individual
30 income tax revenues for the applicable tax year by the
31 dollar amount certified by the department of revenue
32 pursuant to subparagraph (1) for the relevant fiscal
33 year ending June 30 prior to the start of the tax year.

34 (3) (a) The rate reduction for a tax year shall be
35 accomplished by applying the applicable dollar amount

1 to a reduction in the rate imposed in paragraph "a",
2 but not below zero.

3 (b) If such rate reduction in subparagraph division
4 (a) does not accomplish the full rate decrease required
5 by subparagraph (2), the remaining applicable dollar
6 amount shall be applied to a reduction in the rate
7 imposed in paragraph "b", but not below zero.

8 (c) If such rate reduction in subparagraph
9 divisions (a) and (b) do not accomplish the full rate
10 decrease required by subparagraph (2), the remaining
11 applicable dollar amount shall be applied to a
12 reduction in the rate imposed in paragraph "c", but not
13 below zero.

14 (d) If such rate reduction in subparagraph
15 divisions (a) through (c) do not accomplish the
16 full rate decrease required by subparagraph (2), the
17 remaining applicable dollar amount shall be applied to
18 a reduction in the rate imposed in paragraph "d", but
19 not below zero.

20 (e) If such rate reduction in subparagraph
21 divisions (a) through (d) do not accomplish the
22 full rate decrease required by subparagraph (2), the
23 remaining applicable dollar amount shall be applied to
24 a reduction in the rate imposed in paragraph "e", but
25 not below zero.

26 (f) If such rate reduction in subparagraph
27 divisions (a) through (e) do not accomplish the
28 full rate decrease required by subparagraph (2), the
29 remaining applicable dollar amount shall be applied to
30 a reduction in the rate imposed in paragraph "f", but
31 not below zero.

32 (g) If such rate reduction in subparagraph
33 divisions (a) through (f) do not accomplish the
34 full rate decrease required by subparagraph (2), the
35 remaining applicable dollar amount shall be applied to

1 a reduction in the rate imposed in paragraph "g", but
2 not below zero.

3 (h) If such rate reduction in subparagraph
4 divisions (a) through (g) do not accomplish the
5 full rate decrease required by subparagraph (2), the
6 remaining applicable dollar amount shall be applied to
7 a reduction in the rate imposed in paragraph "h", but
8 not below zero.

9 (i) If such rate reduction in subparagraph
10 divisions (a) through (h) do not accomplish the
11 full rate decrease required by subparagraph (2), the
12 remaining applicable dollar amount shall be applied to
13 a reduction in the rate imposed in paragraph "i", but
14 not below zero.

15 (4) The rates of tax for paragraphs "a" through
16 "i", as determined under this paragraph for the tax
17 year beginning January 1, 2029, shall apply to all tax
18 years beginning on or after January 1, 2029.

19 Sec. _____. Section 422.5, subsection 1, paragraph j,
20 Code 2016, is amended to read as follows:

21 j. (1) The tax imposed upon the taxable income
22 of a nonresident shall be computed by reducing the
23 amount determined pursuant to paragraphs "a" through
24 "~~i~~" "oj" by the amounts of nonrefundable credits under
25 this division and by multiplying this resulting amount
26 by a fraction of which the nonresident's net income
27 allocated to Iowa, as determined in section 422.8,
28 subsection 2, paragraph "a", is the numerator and the
29 nonresident's total net income computed under section
30 422.7 is the denominator. This provision also applies
31 to individuals who are residents of Iowa for less than
32 the entire tax year.

33 (2) (a) The tax imposed upon the taxable income
34 of a resident shareholder in an S corporation or of
35 an estate or trust with a situs in Iowa that is a

1 shareholder in an S corporation, which S corporation
2 has in effect for the tax year an election under
3 subchapter S of the Internal Revenue Code and carries
4 on business within and without the state, may be
5 computed by reducing the amount determined pursuant
6 to paragraphs "a" through "i" "oj" by the amounts
7 of nonrefundable credits under [this division](#) and by
8 multiplying this resulting amount by a fraction of
9 which the resident's or estate's or trust's net income
10 allocated to Iowa, as determined in section 422.8,
11 subsection 2, paragraph "b", is the numerator and the
12 resident's or estate's or trust's total net income
13 computed under [section 422.7](#) is the denominator. If
14 a resident shareholder, or an estate or trust with
15 a situs in Iowa that is a shareholder, has elected
16 to take advantage of this subparagraph (2), and for
17 the next tax year elects not to take advantage of
18 this` subparagraph, the resident or estate or trust
19 shareholder shall not reelect to take advantage of
20 this subparagraph for the three tax years immediately
21 following the first tax year for which the shareholder
22 elected not to take advantage of this subparagraph,
23 unless the director consents to the reelection. This
24 subparagraph also applies to individuals who are
25 residents of Iowa for less than the entire tax year.

26 (b) This subparagraph (2) shall not affect the
27 amount of the taxpayer's checkoffs under [this division](#),
28 the credits from tax provided under [this division](#), and
29 the allocation of these credits between spouses if
30 the taxpayers filed separate returns or separately on
31 combined returns.

32 Sec. _____. Section 422.11B, Code 2016, is amended to
33 read as follows:

34 **422.11B Minimum tax credit.**

35 1. a. There is allowed as a credit against the tax

1 determined in [section 422.5, subsection 1](#), paragraphs
2 "a" through "j" "oj" for a tax year an amount equal to
3 the minimum tax credit for that tax year.

4 b. The minimum tax credit for a tax year is the
5 excess, if any, of the net minimum tax imposed for
6 all prior tax years beginning on or after January 1,
7 1987, over the amount allowable as a credit under this
8 section for those prior tax years.

9 2. a. The allowable credit under [subsection 1](#)
10 for a tax year shall not exceed the excess, if any,
11 of the tax determined in [section 422.5, subsection](#)
12 [1, paragraphs "a" through "j" "oj"](#) over the state
13 alternative minimum tax as determined in [section 422.5,](#)
14 [subsection 2.](#)

15 b. The net minimum tax for a tax year is the
16 excess, if any, of the tax determined in [section 422.5,](#)
17 [subsection 2,](#) for the tax year over the tax determined
18 in [section 422.5, subsection 1,](#) paragraphs "a" through
19 "j" "oj" for the tax year.

20 Sec. ____ . EFFECTIVE DATE. This division of this
21 Act takes effect January 1, 2018.

22 Sec. ____ . APPLICABILITY. This division of this
23 Act applies to tax years beginning on or after January
24 1, 2018.

25 DIVISION ____

26 WATER QUALITY AND WATER QUALITY EXCISE TAX

27 Sec. ____ . Section 16.134, Code 2016, is amended to
28 read as follows:

29 **16.134 Wastewater and drinking water treatment**
30 **financial assistance program.**

31 1. The Iowa finance authority shall establish and
32 administer a wastewater and drinking water treatment
33 financial assistance program. The purpose of the
34 program shall be to provide financial assistance
35 to enhance water quality. The program shall be

1 administered in accordance with rules adopted by
2 the authority pursuant to [chapter 17A](#). For purposes
3 of [this section](#), "program" means the wastewater and
4 drinking water treatment financial assistance program
5 and "committee" means the water quality financing
6 review committee created in subsection 9.

7 2. A wastewater and drinking water treatment
8 financial assistance fund is created and shall consist
9 of appropriations made to the fund and transfers
10 of interest, earnings, and moneys from other funds
11 as provided by law. Moneys transferred to the fund
12 pursuant to section 423G.6 are appropriated to the
13 authority for purposes of the program. Moneys in the
14 fund are not subject to [section 8.33](#). Notwithstanding
15 [section 12C.7](#), subsection 2, interest or earnings on
16 moneys in the fund shall be credited to the fund.

17 3. Financial assistance under the program shall
18 be used to install or upgrade wastewater treatment
19 facilities and systems and drinking water treatment
20 facilities and systems, including source water
21 protection projects, and for engineering or technical
22 assistance for facility planning and design.

23 4. The authority committee shall distribute approve
24 financial assistance ~~in~~ from the fund in accordance
25 with the following:

26 ~~a. The goal of the program shall be to base awards~~
27 ~~on the impact of the grant combined with other sources~~
28 ~~of financing to ensure that sewer rates do not exceed~~
29 ~~one and one-half percent of a community's median~~
30 ~~household income.~~

31 ~~b. a. Communities shall be eligible for financial~~
32 ~~assistance by qualifying as~~ Priority shall be given
33 for projects in which a disadvantaged community ~~and~~
34 is seeking financial assistance for the installation
35 or upgrade of wastewater treatment facilities ~~due~~

1 ~~to regulatory activity by the department of natural~~
2 ~~resources and drinking water treatment facilities.~~

3 For purposes of [this section](#), the term "*disadvantaged*
4 *community*" means the same as defined by the department.

5 ~~e.~~ b. Priority shall be given to projects ~~in which~~
6 ~~the meeting criteria established in section 455B.199B~~
7 ~~in which the applicant seeks financial assistance is~~
8 ~~to be used to obtain with~~ financing under the water
9 pollution control works and drinking water facilities
10 financing program pursuant to [section 16.131](#) or other
11 federal, ~~or~~ state, or private financing.

12 ~~d.~~ c. Priority shall also be given to projects
13 whose completion will provide significant improvement
14 to water quality in the relevant watershed.

15 ~~e.~~ d. Priority shall also be given to communities
16 that employ an alternative wastewater treatment
17 technology pursuant to [section 455B.199C](#).

18 ~~f.~~ e. Priority shall ~~be~~ also be given to those
19 communities where sewer or water rates are the highest
20 as a percentage of that community's median household
21 income.

22 ~~g.~~ f. Financial assistance in the form of grants
23 shall be issued on an annual basis.

24 ~~h.~~ g. An applicant shall not receive a grant that
25 exceeds five hundred thousand dollars.

26 h. Priority shall also be given to communities that
27 employ technology to address the latest version of the
28 "Iowa Nutrient Reduction Strategy" initially presented
29 in November 2012 by the department of agriculture and
30 land stewardship, the department of natural resources,
31 and Iowa state university of science and technology.

32 4A. A utility management organization formed
33 under chapter 28E or operated by a rural water system
34 organized under chapter 357A or chapter 504 shall be
35 considered eligible for financial assistance under the

1 program.

2 5. The authority in cooperation with the department
3 of natural resources shall ~~share~~ provide information
4 and resources to the committee when the committee is
5 determining the qualifications of a community for
6 financial assistance from the fund.

7 6. The authority shall enter into agreements with
8 financial assistance recipients and distribute moneys
9 under the program pursuant to financial assistance
10 determinations made by the committee. The authority
11 may use an amount of not more than ~~four~~ one percent of
12 any moneys appropriated for deposit in the fund for
13 administration purposes.

14 7. By October 1 of each year, the authority shall
15 submit a report to the governor and the general
16 assembly itemizing expenditures under the program
17 during the previous fiscal year.

18 8. a. Beginning September 1, 2026, and every
19 ten years thereafter, a program review committee is
20 established for purposes of reviewing the wastewater
21 and drinking water treatment financial assistance
22 program. By December 1 of the same year, the review
23 committee shall file a report with the governor and the
24 general assembly that reviews the effectiveness of the
25 program during the prior ten fiscal years.

26 b. The program review committee shall consist of
27 the following members:

28 (1) The governor or the governor's designee.

29 (2) The secretary of agriculture or the secretary's
30 designee.

31 (3) The executive director of the authority or the
32 executive director's designee.

33 (4) The director of the department of natural
34 resources or the director's designee.

35 (5) Four members of the general assembly, with

1 two from the senate and two from the house of
2 representatives and not more than one member from each
3 chamber being from the same political party. The two
4 senators shall be designated one member each by the
5 president of the senate, after consultation with the
6 majority leader of the senate, and by the minority
7 leader of the senate. The two representatives shall
8 be designated one member each by the speaker of the
9 house of representatives, after consultation with the
10 majority leader of the house of representatives, and by
11 the minority leader of the house of representatives.

12 c. Staffing services shall be provided by the
13 authority.

14 9. a. A water quality financing review committee
15 is created consisting of the secretary of agriculture
16 or the secretary's designee, the executive director of
17 the authority or the executive director's designee, and
18 the director of the department of natural resources or
19 the director's designee.

20 b. The committee shall review and approve or
21 deny applications for financial assistance under the
22 wastewater and drinking water treatment financial
23 assistance program established in this section.

24 Sec. ____. Section 423.3, Code 2016, is amended by
25 adding the following new subsection:

26 NEW SUBSECTION. 103. a. The sales price from
27 the sale or furnishing by a water utility of a water
28 service in the state to consumers or users.

29 b. For purposes of this subsection:

30 (1) *"Water service"* means the delivery of water by
31 piped distribution system.

32 (2) *"Water utility"* means a public utility as
33 defined in section 476.1 that furnishes water by piped
34 distribution system to the public for compensation.

35 Sec. ____. NEW SECTION. 423G.1 Short title.

1 This chapter may be cited as the "*Water Service Tax*
2 *Act*".

3 Sec. _____. NEW SECTION. **423G.2 Definitions.**

4 1. All words and phrases used in this chapter and
5 defined in section 423.1 have the same meaning given
6 them by section 423.1 for purposes of this chapter.

7 2. As used in this chapter, "*water service*" and
8 "*water utility*" mean the same as defined in section
9 423.3, subsection 103.

10 Sec. _____. NEW SECTION. **423G.3 Water service tax.**

11 An excise tax at the rate of six percent is imposed
12 on the sales price from the sale or furnishing by
13 a water utility of a water service in the state to
14 consumers or users.

15 Sec. _____. NEW SECTION. **423G.4 Exemptions.**

16 The sales price from transactions exempt from state
17 sales tax under section 423.3, except section 423.3,
18 subsection 103, is also exempt from the tax imposed by
19 this chapter.

20 Sec. _____. NEW SECTION. **423G.5 Administration by**
21 **director.**

22 1. The director of revenue shall administer the
23 water service tax as nearly as possible in conjunction
24 with the administration of the state sales and use tax
25 law, except that portion of the law that implements the
26 streamlined sales and use tax agreement. The director
27 shall provide appropriate forms, or provide on the
28 regular state tax forms, for reporting water service
29 tax liability.

30 2. The director may require all persons who are
31 engaged in the business of deriving any sales price or
32 purchase price subject to tax under this chapter to
33 register with the department. The director may also
34 require a tax permit applicable only to this chapter
35 for any retailer not collecting, or any user not

1 paying, taxes under chapter 423.

2 3. Section 422.25, subsection 4, sections 422.30,
3 422.67, and 422.68, section 422.69, subsection 1,
4 sections 422.70, 422.71, 422.72, 422.74, and 422.75,
5 section 423.14, subsection 1, and sections 423.23,
6 423.24, 423.25, 423.31 through 423.35, 423.37 through
7 423.42, and 423.47, consistent with the provisions
8 of this chapter, shall apply with respect to the tax
9 authorized under this chapter, in the same manner and
10 with the same effect as if the excise taxes on the
11 sale or furnishing of a water service were retail
12 sales taxes within the meaning of those statutes.
13 Notwithstanding this subsection, the director shall
14 provide for quarterly filing of returns and for other
15 than quarterly filing of returns both as prescribed in
16 section 423.31. All taxes collected under this chapter
17 by a retailer or any user are deemed to be held in
18 trust for the state of Iowa.

19 Sec. ____ . NEW SECTION. **423G.6 Deposit of revenues.**

20 1. All moneys received and all refunds shall be
21 deposited in or withdrawn from the general fund of the
22 state.

23 2. Subsequent to the deposit in the general fund
24 of the state, the department shall first transfer
25 one-sixth of the revenues collected under 423G.3 to
26 the secure an advanced vision fund created in section
27 423F.2, and then from the remaining revenues shall
28 transfer the following amounts to the wastewater and
29 drinking water financial assistance fund created in
30 section 16.134:

31 a. For revenues collected on or after July 1, 2017,
32 but before August 1, 2018, one-sixth of the revenues.

33 b. For revenues collected on or after August 1,
34 2018, but before August 1, 2019, one-third of the
35 revenues.

1 c. For revenues collected on or after August 1,
2 2019, but before August 1, 2020, one-half of the
3 revenues.

4 d. For revenues collected on or after August 1,
5 2020, but before August 1, 2021, two-thirds of the
6 revenues.

7 e. For revenues collected on or after August 1,
8 2021, but before August 1, 2022, five-sixths of the
9 revenues.

10 f. For revenues collected on or after August 1,
11 2022, one hundred percent of the revenues.

12 Sec. _____. NEW SECTION. **423G.7 Future repeal.**

13 This chapter is repealed July 1, 2029.

14 Sec. _____. EFFECTIVE DATE. This division of this
15 Act takes effect July 1, 2017.

16 DIVISION _____

17 NATURAL RESOURCES AND OUTDOOR RECREATION

18 Sec. _____. Section 461.2, Code 2016, is amended by
19 adding the following new subsection:

20 NEW SUBSECTION. 3A. "*Iowa nutrient reduction*
21 *strategy*" means the latest version of the "Iowa
22 Nutrient Reduction Strategy" initially presented in
23 November 2012 by the department of agriculture and land
24 stewardship, the department of natural resources, and
25 Iowa state university of science and technology.

26 Sec. _____. Section 461.11, Code 2016, is amended by
27 adding the following new subsections:

28 NEW SUBSECTION. 3. When collaborating in making
29 funding decisions for a subsequent fiscal year, the
30 heads of the departments receiving trust fund moneys
31 shall give a preference to supporting those initiatives
32 which are research-based water quality initiatives
33 that at least meet the state water quality objective
34 provided in section 461.31, subsection 1A.

35 NEW SUBSECTION. 4. When collaborating in making

1 funding decisions for a subsequent fiscal year, the
2 heads of the departments receiving trust fund moneys
3 shall determine the amount of trust fund moneys
4 required to be expended to support research-based water
5 quality initiatives in order to at least meet the state
6 water quality objective provided in section 461.31,
7 subsection 1A.

8 Sec. _____. Section 461.21, Code 2016, is amended by
9 adding the following new subsection:

10 NEW SUBSECTION. 1A. The auditor of state shall
11 notify the heads of the departments receiving trust
12 fund moneys whether the amount of trust fund moneys
13 expended to support research-based water quality
14 initiatives under this chapter for the fiscal year
15 subject to the audit has at least met the state
16 water quality objective provided in section 461.31,
17 subsection 1A. If the amount of trust fund moneys
18 expended to support research-based water quality
19 initiatives does not at least meet that state water
20 quality objective, the auditor of state shall notify
21 the heads of the departments of the percentage
22 shortfall.

23 Sec. _____. Section 461.22, Code 2016, is amended by
24 adding the following new subsection:

25 NEW SUBSECTION. 1A. The expenditures used to
26 support initiatives which are research-based water
27 quality initiatives that at least meet the state
28 water quality objective provided in section 461.31,
29 subsection 1A.

30 Sec. _____. Section 461.31, subsection 2, paragraph
31 d, Code 2016, is amended to read as follows:

32 *d.* Trust fund moneys shall only be used to
33 support voluntary initiatives and shall not be used
34 for regulatory efforts, enforcement actions, or
35 litigation. Trust fund moneys shall not be used as

1 part of an activity which involves condemning property
2 or otherwise exercising the power of eminent domain.

3 Sec. _____. Section 461.31, Code 2016, is amended by
4 adding the following new subsection:

5 NEW SUBSECTION. 1A. a. For each fiscal year, at
6 least sixty percent of the trust fund moneys credited
7 to the trust fund shall be exclusively expended to
8 support research-based water quality initiatives
9 under this chapter. A research-based water quality
10 initiative, includes but is not limited to a practice
11 described in the Iowa nutrient reduction strategy. In
12 addition, a research-based water quality initiative
13 must satisfy all the following:

14 (1) Have a life expectancy of more than twenty-four
15 months.

16 (2) Provide for multiple natural resource benefits.

17 b. If the auditor of state notifies the heads
18 of the departments receiving trust fund moneys of a
19 percentage shortfall as provided in section 461.21,
20 the percentage of trust fund moneys to support
21 research-based water quality initiatives shall be
22 adjusted for the fiscal year following the fiscal
23 year that the auditor provides the notification. The
24 amount of the adjustment shall be an amount necessary
25 to reach the sixty percent required to meet the water
26 quality objective as described in paragraph "a" plus a
27 percentage shortfall for each prior fiscal year that
28 has not been previously added to the sixty percent.

29 Sec. _____. Section 461.32, subsection 3, Code 2016,
30 is amended to read as follows:

31 3. The department of natural resources shall ~~to~~
32 ~~every extent possible~~ consider its comprehensive
33 plan provided in [section 456A.31](#) when making funding
34 decisions.>

35 2. Title page, line 1, by striking <and> and

1 inserting <state and local finances by>
2 3. Title page, line 3, after <protection,> by
3 inserting <and providing for regulatory, taxation, and
4 properly related matters,>
5 4. Title page, line 4, after <date> by inserting
6 <and retroactive and other applicability>
7 5. By renumbering, redesignating, and correcting
8 internal references as necessary.

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